Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Open Network Architecture Tariffs of U S WEST Communications, Inc.	)	CC Docket No. 94-128

REBUTTAL OF U S WEST COMMUNICATIONS, INC.

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May 26, 1995

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SUMMARY

In this document, U S WEST responds to two oppositions to its Direct Case in support of its ONA tariff. Neither opposition attacks the rates in the tariff, which, as supplemented in the Direct Case itself, are demonstrably just and reasonable.

MCI's Opposition focuses entirely on a single issue. U S WEST utilized its proprietary Switching Cost Model ("SCM") to assign switching investment among ONA services. This model is proprietary to U S WEST and, when it operates to provide cost assignments, contains highly proprietary information of U S WEST's equipment vendors. U S WEST provided MCI with the opportunity to review a redacted version of the SCM which was prepared in precisely the same manner as it was when the issue was last reviewed in 1992. This redacted SCM permitted MCI to test the SCM for proper sensitivity to different variables -- in other words, to assure itself that the SCM was a valid cost assignment tool. MCI, however, demands that it be given access to the confidential information of U S WEST and the equipment vendors, and has several superficial criticisms of why it claims that access to the redacted SCM did not give it sufficient opportunity to test the "reasonableness" of the U S WEST tariff.

In this filing, U S WEST demonstrates that MCI's factual claims are not accurate. MCI's legal position is also based on a misunderstanding of the nature of its rights as an opponent to a tariff filing. Moreover, the premise of MCI's filing -- that carriers making a cost-supported tariff filing thereby risk making their confidential business and financial documents available to their competitors -- is

both wrong and fundamentally dangerous to the Commission's ability to obtain information from carriers.

AT&T's Opposition simply observes that the Arthur Andersen Report on the SCM noted that the SCM was different from the Bellcore SCIS model. In any event, there is no legal or rational reason why U S WEST should be required to utilize the SCIS model's methodologies.

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U S WEST Communications, Inc. ("U S WEST"), hereby files its Rebuttal to Oppositions to its Direct Case in the above-captioned matter. Oppositions were filed on May 11, 1995 by MCI Telecommunications Corporation ("MCI") and AT&T Corp. ("AT&T").

U S WEST's Direct Case supported its January 26, 1994 open network architecture ("ONA") tariff filing (Transmittal No. 446), and complied with the Order Designating Issues for Investigation released by the Chief of the Common Carrier Bureau on November 8, 1994.[1] The issues raised in the Oppositions focus on the Switching Cost Model ("SCM") utilized to develop switching costs which ultimately are reflected in the ONA tariff filing. The SCM was treated in this proceeding in the same manner as it was when the SCM was reviewed in 1992.[2]

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[1] See In the Matter of Open Network Architecture Tariffs of U S WEST Communications, Inc., Order Designating Issues for Investigation, 9 FCC Rcd. 6710 (1994).

[2] See In the Matter of Commission Requirements for Cost Support Material to be Filed with Open Network Architecture Tariffs, Application for Review, 9 FCC Rcd. 180, 181 (1993). See also In the

I. INTRODUCTION

By way of brief introduction, we submit that MCI's position in this proceeding cannot be taken entirely at face value. The tariff at issue here involves U S WEST's interstate ONA services. Because of the enhanced services provider ("ESP") exemption from payment of interstate switched access rates when ESPs use local exchange switching facilities to provide interstate services to their customers, there is very little demand for interstate ONA services. ESPs instead purchase service from U S WEST's local exchange tariffs. This problem obviously must be corrected in the very near future, but it remains unresolved at this time. Thus, MCI's sanctimonious pronouncements that its participation in this proceeding and its unrelenting efforts to obtain access to the proprietary information of other companies through this process are motivated by a desire to prevent U S WEST from "cross-subsidizing" its enhanced services by the pricing of its interstate ONA services and are simply not reflective of any legitimate position. The prices in U S WEST's Transmittal No. 446, as supplemented in the Direct Case, are reasonable and totally in line with the prices for the same services offered by the other Regional Bell Operating Companies ("RBOC"). The instant tariff transmittal itself is not controversial.

Matter of Commission Requirements for Cost Support Material to be Filed with Open Network Architecture Tariffs, 7 FCC Rcd. 521 (Com.Car.Bur. 1991), review denied, 8 FCC Rcd. 422 (1993).

This said, we agree that the issue of whether a company which files tariffs based on forward-looking costs must thereby necessarily jeopardize its own proprietary information and that of its main suppliers is an important one. The Federal Communications Commission ("Commission" or "FCC") has established the ground rules for the instant proceeding.[3] U S WEST has complied precisely with the standards for redaction, disclosure and confidentiality established in that Order, and MCI's attack on the instant tariff transmittal is in reality an attack on the earlier Order, not U S WEST's filings in this proceeding. While we submit a factual response to MCI's attack, we do so out of an abundance of caution. MCI's position in its Opposition has already been dealt with and rejected by the Commission. It would be wasteful and non-productive to permit MCI the unlimited opportunity to relitigate old issues interminably simply because it is not satisfied with the result obtained in prior litigation.

Finally, this proceeding and MCI's position again point to the critical importance of developing a meaningful tariff procedure to fit within the competitive realities of today's marketplace. While MCI postures itself as a defender of the public interest, the fact remains that the information it so desperately seeks in this proceeding would be of immense competitive value to it -- and of competitive detriment to U S WEST and its equipment vendors. Indeed, MCI has announced its intention to enter the local exchange business in direct competition with U S WEST

[3] See notes 1 and 2, supra.

on a "massive scale,"[4] and the proprietary information sought by MCI would clearly give it an unfair competitive advantage in precisely that endeavor. While the Commission has some ability to enforce protective agreements involving confidential information released in the course of tariff proceedings, this enforcement ability is limited, and does not provide sufficient assurance that MCI would not utilize confidential information which it received in the course of such a proceeding to advance its own competitive ends. A situation in which one competitor in a market must risk disclosure of its confidential business information every time it makes a tariff filing is obviously not acceptable. But MCI argues that such a situation is not only acceptable, but legally mandated (although MCI has made no offer to divulge its own confidential information when it files a tariff, substantially undercutting its position). We submit that the Commission must at some point determine how tariffs, especially those which require cost support based on forward-looking costs, can be reviewed in a manner which is rational and pro-competitive. The scenario posited by MCI, whereby it could obtain access to the most highly sensitive proprietary information of its competitors based on

[4] See, e.g., The Austin American-Statesman, Mar. 7, 1995, p. C1; The Atlanta Journal and Constitution, Mar. 7, 1995, p. E8; The Houston Chronicle, Mar. 6, 1995, Business Section, p. 1; The New York Times, Mar. 6, 1995, p. D1; Communications Week, Jan. 2, 1995, News Section, p. 49; Communications Week, Dec. 5, 1994, Network Services Section, p. 37. See also "MCI Rolls Out Plans for Local Network in Major Challenge to RHCs," Communications Daily, Jan. 5, 1994, at 1; "MCI Goes for 'Now' Wireless Technology for Nationwide Network," Communications Daily, Mar. 1, 1994, at 1 ("'We'll attack the RBOCs' local markets through our MCI Metro company.' MCI Metro is [a] $1.2-billion investment company that MCI announced earlier that's planned to bypass local exchange monopol[ies] held by RHCs.").

U S WEST's tariff filings, obviously would not be acceptable under any circumstances.

II. MCI OPPOSITION

MCI, in its thirty-page Opposition, does not bother to challenge any rate in the U S WEST tariff filing. Instead, its Opposition consists entirely of MCI's arguing that it could not conduct the sensitivity analyses it desired to undertake because U S WEST gave it only a redacted version of the SCM and otherwise acted to prevent MCI from doing what it desired with the model. MCI had previously complained to the Commission that it felt that U S WEST was not being sufficiently cooperative in allowing MCI access to the model.[5] U S WEST will address herein some of MCI's accusations and arguments. However, it is important to keep in mind from the outset that most of what MCI claims is based on distortion and exaggeration. Typical of MCI's approach is the following claim:

> Despite previous assurances that US West would allow an attorney present during the SCM review sessions, throughout the SCM review sessions, and over MCI's objections, US West insisted that a US West representative be present in visual sight (in the same room) at all times. Virtually all the time in which MCI was in these sessions, a US West representative maintained a distance of approximately five feet from MCI representatives, making it virtually impossible for the MCI attorney to communicate on a confidential basis with his clients.[6]

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[5] See Letter from Gregory F. Intoccia, MCI, to Steven Spaeth, FCC, dated Apr. 3, 1995.

[6] MCI Opposition at 17.

MCI is correct that U S WEST would not permit MCI personnel access to the SCM without a U S WEST person present in the room. This procedure is consistent with the procedure utilized when the SCM was last reviewed. What MCI fails to disclose, however, is that U S WEST offered MCI the use of a private conference room adjacent to the room where the SCM computer was located so that confidential conversations could take place. And U S WEST personnel did not follow MCI people through the U S WEST premises -- U S WEST viewed MCI's activities only in the area where proprietary U S WEST property was located. MCI's claim that U S WEST made it "virtually impossible" for confidential communications to take place is simply not true.

MCI's substantive claims about the SCM generally center around MCI's assertion that it could not, with access to only a model from which it could not obtain confidential information about its competitors, determine the lawfulness of U S WEST's rates, particularly in the area of potential cross-subsidization of U S WEST enhanced services. In MCI's words, the issue was how "to establish the sensitivity of SCM outputs to changes in the inputs controlled by the US West cost analyst."[7] This particular interest is justified on the basis that, in the absence of a computer cost model which develops switching costs on a basis which is absolutely "objective" and which MCI can personally verify, U S WEST might be able to price its ONA services in a manner which unjustifiably favored its own enhanced services

[7] Id. at 7.

to the detriment of enhanced services offered by MCI.[8] MCI also claims the right to determine whether "US West's rates are 'cost-based' and therefore legal."[9] MCI's pleading is focused entirely on why its use of the redacted SCM (together with the redacted Arthur Andersen Report) in conducting its tests made it impossible for MCI to determine whether either of the above conditions was met (or at least prevented MCI from finding adverse information).

A. Difficulties Attributed by MCI to the Redaction of the SCM

As was the case in 1992, U S WEST redacted the SCM prior to permitting MCI to run the model. The only things deleted in redacting the model were the vendor-specific proprietary inputs and information which would have disclosed the proprietary SCM software and U S WEST network communication information.[10] The redaction in the model conducted for the current review was identical to that accomplished in 1992. Thus, MCI's attack is not new, but is an attack on a redaction which is in all pertinent respects identical to the 1992 redaction. We comment as follows.

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[8] See id. at 6-7.

[9] Id. at 5.

[10] Several features and reports having nothing to do with sensitivity analysis or which were valueless in the context of the redacted model were also redacted from the SCM. For example, MCI complains that the absence of several features which create the ability to select switching locations based on common characteristics inhibited MCI's analysis and constituted "deliberate 'slow-rolling'" by U S WEST. MCI Opposition at 13. Since MCI had the opportunity to review only one switch type, and locations were masked, this feature would have been of no practical value to MCI, and MCI's statement is false.

MCI first contends that two "fatal errors" in the SCM caused by the redaction of the model cast into doubt the entire reliability of the redacted model to function in the same manner as the SCM itself.[11] The two examples cited by MCI consisted of a naming convention error and a file size error which resulted from the redaction. These errors were formatting errors which had nothing to do with the reliability of the redacted model or its ability to replicate the operation of the model itself. The redaction did not change the basics of the SCM. Instead, the redaction changed the office data to mask the identity of the switch vendors, masked the vendor discounts, and omitted some reports from the core and features parts of the model. An error such as a naming convention error (which prevented proper transfer of a file) could impede the ability of the redacted model to work at all, but could have no impact on the operation of the model or its ability to properly act on the data inputs. The suspicion by MCI that the errors which did occur cast doubt on the accuracy of the redacted model as a proper surrogate for the actual SCM is not consistent with the manner in which the redaction was prepared.

MCI's next contention is that it was very difficult and time consuming for it to run sensitivity studies for a variety of reasons. MCI's first complaint is that because the redaction removed operating features from the SCM (as was done in the 1992 redaction), sensitivity analysis was very time consuming -- several weeks were required for just a single variable.[12] In fact, while MCI admits that it did not even

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[11] See MCI Opposition at-11-13.

[12] See id. at 9-11. See also note 10, supra.

use the full time that U S WEST had allotted to it to conduct its review, an intelligent use of the redacted model would have permitted a knowledgeable computer expert to conduct the very studies MCI claims it could not conduct with the redacted model which MCI had access to, and well within the time which MCI dedicated to the process.

The normal way cost analysts use a SCM is to run SCM features (a fact made very clear in the redacted Arthur Andersen Report reviewed by MCI). Accordingly, the proper and reasonable way for MCI to evaluate sensitivity would have been to vary feature usage estimates to determine the effect of changes in software model inputs on model outputs. Such an analysis is relatively simple and not time consuming. The other intervenor reviewing the current SCM did precisely this type of analysis in approximately half a day. However, it appears, based on the MCI Opposition, that MCI did not test feature input sensitivities. Instead, MCI appears to have spent its time measuring the time it took to make changes in the SCM core data. The SCM core data base is voluminous and, as MCI notes, difficult and time consuming to change. This is true whether one is using the redacted model or the actual SCM -- it is no easier for U S WEST to modify the core data than it was for MCI. MCI's decision to test the core, not the feature, was its own.

As an alternative or additional approach, MCI could have conducted a sensitivity review varying the core data based upon selection of one or two offices. MCI, however, apparently assumed that a sensitivity analysis could be performed only by changing the SCM core data for every switch and creating a new master

file, and its exhibits appear to support this assumption.[13] While this approach would also permit one to test the sensitivities of the SCM, doing so would take about the time estimated by MCI, even if MCI had had access to the full unredacted SCM. In other words, MCI's difficulty in conducting its sensitivity studies was caused by its approach to the studies themselves. Having chosen to evaluate the SCM in the most inefficient way possible, MCI should not now be heard to complain that its own inefficiencies somehow consumed too much time.

MCI next complains that "a substantial amount of model output information had been 'masked' and thus removed."[14] Without claiming any particular harm caused by this removal, MCI pronounces: "It is beyond comprehension how access to the complete output reports could have had any conceivable relationship to a legitimate US West interest."[15] However, these outputs, including such information as investment per feature and busy hour millisecond per feature, are extremely sensitive and proprietary to U S WEST's equipment vendors, and were excluded in the 1992 redaction as well. In any event, MCI did not claim that the unavailability of this output information interfered with its analysis -- indeed, MCI's sensitivity analyses were necessarily based on MCI's input and output, not on U S WEST's output.

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[13] See MCI Opposition at Exhibit B.

[14] Id. at 13.

[15] Id. at 14.

Finally, MCI complains that it was not able to create its own "master files" in the redacted SCM.[16] Although the redacted version of the SCM did not provide a mechanized method of creating and populating new master files, the number of offices included in a core run, not the number of offices in a master file, is the main determinant of the time it takes to run the model. MCI's allegation that its inability to create master files on a mechanized basis created delay in reviewing the model is incorrect. In any event, U S WEST gave MCI access to its own master files. The ability to create master files has practically nothing to do with the time necessary to run the data.

B. Problems Attributed by MCI to Non-Disclosure Agreement

MCI next claims that it could not conduct intelligent sensitivity studies because U S WEST required that the non-disclosure agreement which MCI was to sign was not the one which it submitted to U S WEST for signing. U S WEST insisted on utilizing exactly the same agreement as had been used in 1992. MCI's criticisms of the agreement are spurious.

However, it is important that one aspect of MCI's argument in this area not go unaddressed. MCI, in its filing and in the separate letter to Mr. Spaeth of the Commission, constantly implies that U S WEST was less than cooperative in its dealings with MCI regarding the model.[17] U S WEST has consistently attempted to

[16] See id. at 14-15.

[17] See notes 5 and 10, supra.

give MCI reasonable and comfortable access to the SCM. This assistance included making Mr. Steven Markwell of Denver available in Washington, DC to accommodate MCI's schedule (including canceling meetings to permit Mr. Markwell to travel to Washington on May 3 and 4 to permit MCI to review the model again). This effort was made despite the fact that MCI had simply not shown up for its scheduled April 4, 1995 appointment (after Mr. Markwell had traveled to Washington, DC the previous day for MCI's scheduled session with the model). U S WEST has been fairly strong in standing on its legal rights (as has MCI) in this matter, but it is wrong and unfair to characterize U S WEST's efforts to accommodate MCI's access in accordance with the Commission's directives as anything less than open and accommodating.

C. MCI's Legal Position Is Fatally Flawed

MCI's fundamental conclusion is that its lack of access to confidential U S WEST and vendor proprietary information was caused by the Commission's "violat[ion of] its obligations under the Communications Act, the Administrative Procedure Act (APA) and Constitutional Due Process protections."[18] MCI argues that the Commission must disclose "the information upon which it relies," and that failure to do so "violates 'quasi-adjudicatory' informal 'notice' and 'hearing' requirements."[19] MCI does not, and indeed cannot, argue that U S WEST was

[18] MCI Opposition at 26-27 (footnote omitted).

[19] Id. at 28 (citation omitted).

required as a matter of law to disclose the SCM to the Commission, or that the Commission was required to ask for it. Every tariff which is filed with the Commission is based in part on confidential information, and the Commission does not require that the filing carrier submit its complete books and records, in auditable form, every time a tariff is submitted. Instead, MCI argues that, because the Commission has had an opportunity to review the SCM, it would be a violation of law to withhold this highly confidential information from MCI. MCI's position is not well founded. Perhaps more significantly, if accepted, MCI's position would have the simple, but highly questionable, result of depriving the Commission of the ability to obtain confidential and proprietary information from filing carriers during tariff proceedings.

Of course, MCI's arguments have all been made before, and rejected.[20] However, some additional comment is appropriate.

MCI continues to rely on the case of U.S. Lines, Inc. v. FMC.[21] Quoting at some length from this decision on the public's right to information when participating in a statutory hearing proceeding, MCI concludes that: "As indicated in U.S. Lines, the public's right to a 'hearing' 'upon reasonable notice under a Section 204 proceeding is effectively nullified when the agency decision is based . . . on . . . secret . . . points. . . ."[22] However, as MCI acknowledges (but apparently fails

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[20] See notes 1 and 2, supra.

[21] 584 F.2d 519 (D.C. Cir. 1978).

[22] MCI Opposition at 28, citing U.S. Lines, 584 F.2d at 539.

to understand), the U.S. Lines case involved a statutory hearing on whether a particular carrier was entitled to an exemption from the antitrust laws.[23] The particular statutory section reads as follows:

> The Commission shall by order, after notice and hearing, disapprove, cancel or modify any agreement, or any modification or cancellation thereof, whether or not previously approved by it, that it finds to be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors, or to operate to the detriment of the commerce of the United States, or to be contrary to the public interest, or to be in violation of this chapter, and shall approve all other agreements, modifications, or cancellations.[24]

As a general principle, a tariff proceeding at the Commission is not a hearing proceeding to which any of the principles of U.S. Lines apply.[25] The most likely result of the instant proceeding is that the Commission will permit U S WEST's rates, possibly with some revisions, to take effect (or to continue in effect). Such a decision is not an adjudication of anything, not even the reasonableness of the rates themselves. The principles applicable to participation in a public adjudicatory hearing enunciated in U.S. Lines are simply not applicable.

In fact, given that the Commission, even in an adjudicatory hearing such as was involved in U.S. Lines, need disclose to the public only information actually

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[23] U.S. Lines, 584 F.2d at 539-40.

[24] 46 USC § 814.

[25] See 47 CFR § 1.201 et seq.; 47 CFR Part 61 and § 1.771 et seq.

relied on in a decision reviewable in court under the Administrative Procedure Act,[26] MCI's rights would still not be violated unless the Commission actually utilized the information which it possesses on the SCM in reaching an adjudication. The Commission can easily make the decision that U S WEST's rates are just and reasonable based on the public record. Carrier representations of costs and cost allocations are routinely accepted in tariff filings, subject, of course, to audits (and audit information is, of course, totally confidential).[27] A carrier does not file its books and records with every tariff filing. MCI's desire to challenge the specifics of a carrier's internal costing methodology is frankly unprecedented and is based solely on the fact that the Commission has possession of information which MCI does not have (but would like to have). So long as the Commission did not issue a judicially reviewable decision actually relying on the SCM documentation which is not in the possession of MCI, MCI's rights, even under its own inflated theory of its right to obtain the secret information of its competitors, will not be compromised.

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[26] As the Court noted in U.S. Lines:

> [W]e hold only that the agency must. . .disclose the contents of what it relied upon. . . While such disclosure would ideally appear appropriate at the earliest stage of the agency proceeding, at the very least it is clear that it must come in the final decision so that reconsideration may be sought and judicial review meaningfully afforded.

584 F.2d at 534-35. For Commission decisions to this effect, see In the Matter of Amendment of Part 15 to redefine and clarify the rules governing restricted radiation devices and low power communication devices, First Report and Order - Technical Standards for Computing Equipment, 79 FCC 2d 28, 77 (1979); In the Matter of General Telephone and Electronics Corporation to Acquire Control of Telenet Corporation and its Wholly-owned Subsidiary Telenet Communications Corporation, Memorandum Opinion and Order, 84 FCC 2d 18, 21 (1979).

[27] 47 USC § 220 (e).

Such a decision is easily issued completely consistently with decades of Commission action on tariffs accepting carrier cost representations without turning the tariff review process into an internal carrier audit.

Finally, MCI's position would represent truly awful public policy if accepted. It is essentially MCI's position that whenever a carrier files confidential information in a tariff proceeding (at the request of the Commission), MCI is entitled to that information. Obviously, if the Commission itself possessed only the redacted SCM, MCI would have no claim. As noted previously, MCI is planning to be a direct competitor of U S WEST. U S WEST would be seriously injured if MCI could obtain its confidential business information. U S WEST's equipment vendors likewise have strongly stated that they would be injured if MCI could obtain their information.

If MCI's position is accepted, any tariff filing will be at the risk of compromising the confidentiality of all documents and information from which the tariff was derived -- especially if the Commission asks for and receives copies of those documents. In the future, the Commission may wish to reduce its involvement in the tariff process by examining matters such as the SCM in an audit or other proceeding outside of the tariff process, if that is what placating MCI entails. However, such devices seem silly and unnecessary. In a tariff proceeding, MCI is not entitled to see confidential business documents given to the Commission at its request which verify the accuracy of U S WEST's internal cost allocation procedures, any more than it would be entitled to see the proprietary information

submitted as part of a follow-up audit of the carrier's performance under the same tariff.

III. AT&T OPPOSITION

AT&T, in an Opposition filed under seal,[28] makes a single point -- that the Arthur Andersen Report found that the SCM is different than the Bell Communications Research ("Bellcore") Switching Cost Information System ("SCIS") model.[29] U S WEST assumes that this conclusion is true, as the SCM was developed independently by U S WEST, and U S WEST does not have access to the SCIS model. AT&T's complaint is that U S WEST, in its Direct Case, "fails to explain, or even to comment on [the disparities between SCIS and SCM unit investments]."[30] U S WEST cannot comment on or explain anything about the SCIS model -- U S WEST does not have access to this proprietary model. However, the approaches taken by U S WEST to unit investment noted by AT&T are completely reasonable, and the Arthur Andersen Report did not conclude to the contrary.

Of course, it would be arbitrary and irrational to require that U S WEST follow the approach to cost assignment set forth in the SCIS model, even if U S WEST knew what that approach was. The SCM is an accurate and reasonable

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[28] AT&T's decision to file its Opposition under seal was in accordance with its agreement to treat the redacted Arthur Andersen Report in confidence. Because nothing of substance in the Arthur Andersen Report is revealed in this reply to AT&T, it is not filed under seal. AT&T's efforts to comply with its confidentiality obligations are greatly appreciated.

[29] AT&T Opposition at 4-7.

[30] Id. at 6.

approach to costing of switching features, and the fact that it is not identical to other equally reasonable models is irrelevant. Moreover, AT&T cannot claim that a single model or a single approach would lead to uniformity among RBOC prices for ONA services, as the use of the SCIS model by the other six RBOCs has not had such a result. Attached hereto as Exhibit A is a copy of a rate comparison of recurring rates for ONA services for the seven RBOCs for those services covered in U S WEST's Transmittal 446.[31] It will be noted that the rates of the other RBOCs utilizing the SCIS model differ widely among themselves, and that in many cases the U S WEST rate for a particular service fits into the "norm" for a particular service more comfortably than do the rates of some of the other RBOCs.[32] In an environment where the RBOCs are increasingly adopting their own business, organizational and cost structures, this development is unsurprising and healthy. There is certainly no reason why this trend should be altered by requiring that U S WEST adopt a costing model for switching costs based solely on conformity with another model.

IV. CONCLUSION

In conclusion, neither MCI nor AT&T has attacked the reasonableness of the rates in Transmittal No. 446, as supplemented in the Direct Case. The challenges

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[31] Some of this data may not be completely accurate, as some of the services in the other RBOC tariffs may not be completely accurate matches for the equivalent U S WEST services.

[32] See, for example, automatic number identification ("ANI") per call and Hunt Group Arrangement.

to the reasonableness of the SCM are likewise perfunctory. The MCI challenge is based entirely on a mistaken view of the Commission's tariff process and a series of factual allegations which are questionable at best. AT&T's attack is based on the false premise that U S WEST must demonstrate why the SCM differs in approach from the SCIS model. Neither of these objections is well taken, and the investigation should be terminated.

Respectfully submitted,

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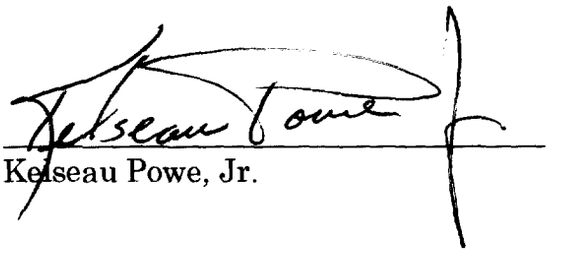
May 26, 1995

RBOC ONA RATE COMPARISON
RECURRING RATES

BSE NAME	T626 Ameritech Rate	T772 Bell Atlantic Rate	T179 Bell South Rate	T2324 Southwestern Bell Rate	T1682 Pacific Bell Rate	T274 NYNEX Rate	Dir Case U S WEST Rate
Anwser Supervision-Lineside	1.15	1.65	1.14				0.02
ANI Per Call	0.00177	0.0004	0.00008	0.000105	0.0004	0.00063	0.000073
Call-Forwarding Variable						0.37	0.07
Call Transfer Per Line	1.9	7.22	1.25		0.05		0.62
Called Directory Number Del	0.001763						0.53
Caller-Id Bulk Call Data							220.88
Caller-Id Bulk Per Multiline							9.67
Caller-Id Number							0.11
DID Trunk Queing Per DID	15.25	6.96	0.01		7.55		6.69
DID Trunk Queing/Delay		1.32			105.95		63.48
Hunt Group Arrangement	2.9		0.15	0.02	0.15	0.15	0.04
Make Busy Per Line		79.95	3.9	5.65	4.45	9	1.11
Message Delivery Svc Call I/O							220.88
Message Delivery Svc Arrange							8.79
Message Delivery Svc Call/Line							0.84
UCD Queing Per Multiline			6.38		2.65	0.29	6.15
UCD Queing Delay Announce			33.07		109	2.7	60.98
Three-Way Calling		6.43				0.43	0.18
TDRS Study Per Facility							468.72
UCD Arrangement Per Line	2.75	1.21	0.37	0.0013		0.39	0.42

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 26th day of May, 1995, I have caused a copy of the foregoing **REBUTTAL OF U S WEST COMMUNICATIONS, INC.,** to be served via first-class United States Mail, postage prepaid, upon the persons listed on the attached service list.



Kelseau Powe, Jr.

***Via Hand-Delivery**

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